NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision



PAID UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this 17th day of April, 2008, by and between Marc B. Smith, Jr. and Willing Ryan Smith, as Lessor (whether one or more), whose address is, PO Box 9607, Fort Worth, Texas 76147 and CHESAPEAKE EXPLORATION, L.L.C., an Oklahoma limited liability company, P.O. Box 18496, Oklahoma City, Oklahoma 73154-0496, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described

land, hereinafter called leased premises:

SEE ATTACHED EXHIBIT "A"

in the county of TARRANT, State of TEXAS, containing 1.310608 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of Three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained

oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be 25% of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be 25% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances. marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in or production therefrom is not being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in or production therefrom is not being sold by Lessee from another well or wells or the leased premises or lands pooled therewith, no shut-in or production therefrom is not being sold by Lessee from another well or wells or the leased premises or lands pooled therewith, no shut-in or production therefrom is not being sold by Lessee from another well or wells or the leased premise or lands pooled therewith, no shut-in or production therefrom is not being sold by Lessee from another well or wells or the leased premise or lands pooled therewith the production is being sold by Lessee from another well or well or production therefrom is not being sold by Lessee from another well or royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive

payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covena

leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether on similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%, provided that a larger unit may be formed for an oil well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in th

of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full filling such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of

- Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

 9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.
- the area covered by this lease or any depths or zones theireunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. It Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

 10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unlitized herewith, in primary and/or enhanced recovery. Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pix, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises and premises and premises or now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee's shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hare under, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises

- 14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit.
- Such subsurface easements shall run with the land and survive any termination of this lease.

 15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's

Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinaby LESSOR (WHETHER ONE OR MORE) Ly Cyprixin we Mouth ACKNOWLEDGMENT STATE OF TEXAS COUNTY OF XTARIRINAT This instrument was acknowledged before me on the 232008, by Willing Ryan Smith PAULA QUISENBERRY NOTARY PUBLIC State of Texas of T Notary's name (printed): Notary's commission expir Comm. Exp. 08-03-2010 **ACKNOWLEDGMENT** STATE OF TEXAS COUNTY OF YTARIZANIT This instrument was acknowledged before me on the 2008, by Marc B. Smith, Jr. PAULA QUISENBERRY **NOTARY PUBLIC** State of Texas Comm. Exp. 08-03-2010

STATE OF TEXAS	RECORDING INFO	JRMATION	•
County of			
his instrument was filed for record on the	day of	, 20, at	o'clockM., and duly recorded in
took, Page, of the	records of this office.		
Clerk (or Deputy)			

EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease dated April 17, 2008 by and between Marc B. Smith, Jr. and Willing Ryan Smith, as Lessor(s), and Chesapeake Exploration L.L.C, as Lessee, to wit:

0.317723 ACRES OF LAND MORE OR LESS, out of the G. G. Davenport Survey, A-401, and being all of Lot 1, Block 3, Sunset Heights Subdivision, an Addition to the City of Fort Worth, Tarrant County, Texas, according to the Map or Plat thereof, recorded in Volume 388-G, Page 137, Plat Records, Tarrant County, Texas, and being more particularly described in that certain General Warranty Deed, dated, March 11, 1978, from Dorothy B. Vaeth, Clifton Rodger Byrd and John D. Spicer to Cletus W. Doogs and Marc B. Smith, Jr., recorded in Volume 6436, Page 190, Deed Records, Tarrant County, Texas AND that portion covering lot 1 in General Warranty Deed, dated, July 22, 1998, from Cletus W. Doogs to Willing Ryan Smith, recorded in Volume 13363, Page 109, Deed Records, Tarrant County, Texas (undivided ½ interest).

0.198577 ACRES OF LAND MORE OR LESS, out of the G. G. Davenport Survey, A-401, and being all of Lot 2, Block 3, Sunset Heights Subdivision, an Addition to the City of Fort Worth, Tarrant County, Texas, according to the Map or Plat thereof, recorded in Volume 388-G, Page 137, Plat Records, Tarrant County, Texas, and being more particularly described in that certain General Warranty Deed, dated, February 17, 1983, from, Wesley W. Williams to Cletus W. Doogs and Marc B. Smith, Jr., recorded in Volume 7449, Page 2015, Deed Records, Tarrant County, Texas AND that portion covering lot 2 in General Warranty Deed, dated, July 22, 1998, from Cletus W. Doogs to Willing Ryan Smith, recorded in Volume 13363, Page 109, Deed Records, Tarrant County, Texas (undivided ½ interest).

0.198577 ACRES OF LAND MORE OR LESS, out of the G. G. Davenport Survey, A-401, and being all of Lot 3, Block 3, Sunset Heights Subdivision, an Addition to the City of Fort Worth, Tarrant County, Texas, according to the Map or Plat thereof, recorded in Volume 388-G, Page 137, Plat Records, Tarrant County, Texas, and being more particularly described in that certain General Warranty Deed, dated, October 31, 1975, from Richard Bernard Trentman to Clete Doogs and Marc B. Smith, Jr. recorded in Volume 5916, Page 35 Deed Records, Tarrant County, Texas AND that portion covering lot 3 in General Warranty Deed, dated, July 22, 1998, from Cletus W. Doogs to Willing Ryan Smith, recorded in Volume 13363, Page 109, Deed Records, Tarrant County, Texas (undivided ½ interest).

0.198577 ACRES OF LAND MORE OR LESS, out of the G. G. Davenport Survey, A-401, and being all of Lot 4, Block 3, Sunset Heights Subdivision, an Addition to the City of Fort Worth, Tarrant County, Texas, according to the Map or Plat thereof, recorded in Volume 388-G, Page 137, Plat Records, Tarrant County, Texas, and being more particularly described in that certain General Warranty Deed, dated, October 31, 1975, from Richard Bernard Trentman to Clete Doogs and Marc B. Smith, Jr. recorded in Volume 5916, Page 35 Deed Records, Tarrant County, Texas AND that portion covering lot 4 in General Warranty Deed, dated, July 22, 1998, from Cletus W. Doogs to Willing Ryan Smith, recorded in Volume 13363, Page 109, Deed Records, Tarrant County, Texas (undivided ½ interest).

0.198577 ACRES OF LAND MORE OR LESS, out of the G. G. Davenport Survey, A-401, and being all of Lot 5, Block 3, Sunset Heights Subdivision, an Addition to the City of Fort Worth, Tarrant County, Texas, according to the Map or Plat thereof, recorded in Volume 388-G, Page 137, Plat Records, Tarrant County, Texas, and being more particularly described in that certain General Warranty Deed, dated, October 31, 1975, from Richard Bernard Trentman to Clete Doogs and Marc B. Smith, Jr. recorded in Volume 5916, Page 35 Deed Records, Tarrant County, Texas AND that portion covering lot 5 in General Warranty Deed, dated, July 22, 1998, from Cletus W. Doogs to Willing Ryan Smith, recorded in Volume 13363, Page 109, Deed Records, Tarrant County, Texas (undivided ½ interest).

0.198577 ACRES OF LAND MORE OR LESS, out of the G. G. Davenport Survey, A-401, and being all of Lot 6, Block 3, Sunset Heights Subdivision, an Addition to the City of Fort Worth, Tarrant County, Texas, according to the Map or Plat thereof, recorded in Volume 388-G, Page 137, Plat Records, Tarrant County, Texas, and being more particularly described in that certain General Warranty Deed, dated, September 21, 1978, from Eutha Brown to Marc B. Smith, Jr. and Cletus W. Doogs, recorded in Volume 6583, Page 135, Deed Records, Tarrant County, Texas AND that portion covering lot 6 in General Warranty Deed, dated, July 22, 1998, from Cletus W. Doogs to Willing Ryan Smith, recorded in Volume 13363, Page 109, Deed Records, Tarrant County, Texas (undivided ½ interest).

It is understood and agreed that the provision of the addendum shall supersede any portion of the printed form of this lease which is inconsistent herewith, and the other printed provisions of this lease, to which this is attached, are in all things subrogated to the expressed and implied terms and conditions of this Exhibit.

1. Miscellaneous:

(a) This lease shall include all STRIPS AND GORES, Streets, Easements, Highways and alleyways adjacent thereto.

2. <u>Surface Provision:</u>

(a) Lessee shall not enter upon the surface or place any structure or building upon the leased premises, or conduct any operations without the written consent of Lessor. Lessee shall only develop the leased premises by pooling, as provided herein, or by directional or horizontal drilling commenced from a surface location on other lands.

3. Pugh Clause (Vertical):

It is understood and agreed that upon the expiration of the primary term of this lease, upon the expiration of any extension or renewal of the primary term, or after cessation of operations as provided herein, whichever occurs last, this lease shall terminate as to all rights lying below one hundred (100) feet below either (1) the deepest depth drilled in any well drilled on the leased premises or on lands pooled therewith or (2) the stratigraphic equivalent of the base of the deepest formation producing or capable of producing in any well drilled on the lease premises or on lands pooled therewith, whichever is the deepest, provided however, if Lessee is then engaged in operations on the lease premises or on lands pooled therewith, this lease shall remain in full force and effect as to all depths so long as no more than ninety (90) days elapse between operations.

SIGNED FOR IDENTIFICATION:

Muce Buth Marc B. Smith, Jr. X Withing Ryan Smith



TURNER OIL AND GAS PROP INC 1314 LAKE ST 202

FTW

TX 76102

Submitter: TURNER OIL & GAS PROP, INC.

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> <u>WARNING - THIS IS PART OF THE OFFICIAL RECORD.</u>

\$24.00

Filed For Registration: 06/03/2008 02:08 PM Instrument #: D208207305

LSE 4 PGS

D208207305

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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